

Decision No. 15256

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

Long Beach Motor Bus Co.

for an order authorizing applicant to issue its promissory note; to place a lien of chattel mortgage on certain of the Applicant's properties to secure repayment of said note, and to use the proceeds of said note for the purpose specified herein.

Application
No. 32017

O P I N I O N

This is an application for an order authorizing Long Beach Motor Bus Company to issue a promissory note in the principal amount of \$81,312 and to execute a chattel mortgage to secure the payment of the same.

Applicant is a California corporation engaged in the operation of passenger stage service in the city of Long Beach and in the immediate vicinity. In financial statements filed with the Commission, it has reported, for 1949, operating revenues of \$706,869.25 and net income of \$47,029.24 and for the period from January 1 to November 30, 1950, operating revenues of \$562,551.54 and net income of \$32,702.66. It has reported its investment in carrier operating property, consisting of 19 passenger coaches, in the amount of \$300,000.93.

In Exhibit B filed in this proceeding, applicant's assets and liabilities as of November 30, 1950 are shown as follows:

<u>Assets</u>		
Current assets-		
Cash	\$ 31,897.86	
Accounts receivable	<u>1,171.12</u>	
Total current assets		\$ 33,068.98
Carrier operating property-		
Cost of motor coaches	300,000.93	
Less- reserve	<u>109,782.66</u>	
Net cost		190,218.27
Intangible capital		2,000.33
Other assets		<u>4,211.11</u>
Total Assets		<u>\$229,498.69</u>

<u>Liabilities</u>		
Current liabilities-		
Accounts and wages payable	\$ 11,687.25	
Accrued liabilities	<u>29,308.87</u>	
Total current liabilities		\$ 40,996.12
Advances from associated companies		9,600.15
Equipment obligations		96,205.00
Common stock		50,000.00
Surplus		<u>32,697.42</u>
Total Liabilities		<u>\$229,498.69</u>

Applicant reports that in order to meet transportation requirements and improve its service, it has purchased from G.M.C. Truck & Coach Division of General Motors Corporation, six new transit type, diesel, 36-passenger motor coaches for a total cost of \$95,681.94 excluding tires, f.o.b. Pontiac, Michigan. It proposes to meet a portion of the purchase price through its current funds and to obtain \$81,312 from Bank of America National Trust & Savings Association to complete the payment.

The sum to be thus borrowed will be represented by a note payable in 84 equal consecutive monthly installments plus interest at the rate of 3½% per annum, or 1½% per annum above the Federal Reserve Bank rediscount rate at the time the loan is negotiated, whichever is greater. The payment of the note will be secured by a chattel mortgage covering the equipment. In addition, National City Lines, Inc., a corporation which owns all of applicant's outstanding stock, proposes to guarantee the payment of the amount.

Q R D E R

Long Beach Motor Bus Company having applied to the Commission for permission to execute a chattel mortgage and to issue a note, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary; that the request of applicant should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of said note is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Long Beach Motor Bus Company, after the effective date hereof and on or before September 30, 1951, may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit D, and may issue a note in the principal amount of \$81,312 in, or substantially in, the same form as that filed in this proceeding as Exhibit C, for the purpose of financing in part the cost of the six units of equipment referred to in the opinion preceding this order.

2. Long Beach Motor Bus Company shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Long Beach Motor Bus Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is eighty-two (\$82.00) dollars.

Dated at San Francisco, California, this 16th day of January, 1951.

R. E. Anderson
Justice F. Crocker
Harold S. Kula
Frederick P. Potter

Commissioners

